

J.C. Watts, Jr.  
Chairman  
4th District, Oklahoma

*House Meets at 10:00 a.m. for Legislative Business*

*Anticipated Floor Action:*

**H.Con.Res. 68—FY 2000 Budget Resolution**



**H.Con.Res. 68—FY 2000 Budget Resolution**

**Floor Situation:** The House is scheduled to consider H.Con.Res. 68 as its first order of business today. Yesterday, the Rules Committee granted a structured rule providing for three hours of general debate, equally divided between the chairman and ranking member of the Budget Committee, as well as one hour of “Humphrey-Hawkins” debate on economic goals and policies, equally divided between by Mr. Saxton and Mr. Stark. It waives House rules requiring that committee reports be available for three days before consideration. In addition, the rule self-executes (i.e., adopts upon passage of the rule) a manager’s amendment offered by Mr. Kasich and makes in order three amendments in the nature of a substitute, each debatable for 40 minutes and in the order listed below.

The rule waives all points of order against the resolution and substitute amendments. It stipulates that adoption of any of the substitutes will conclude consideration of H.Con.Res. 68 for amendment. In addition, the rule provides for 10 minutes of general debate, equally divided between the chairman and ranking member of the Budget Committee, after the House completes considering amendments. The rule allows the Budget Committee chairman to offer amendments to achieve mathematical consistency. Finally, the rule states that House rules regarding the establishment of the statutory limit on the public debt do not apply to the adoption of the FY 2000 budget resolution.

**Summary:** H.Con.Res. 68 establishes a blueprint for the congressional budget for FY 2000 and sets budget levels for FYs 2001-2009. While maintaining the discretionary spending caps established by the 1997 Balanced Budget Act (*P.L. 105-33*), the resolution calls for a tax cut of \$779 billion over 10 years, a \$9.9 billion increase (over FY 1999 levels) in discretionary defense spending, and a \$5.2 billion increase in budget authority (BA) for education programs. In addition, the measure devotes the entire Social Security surplus—\$1.8 trillion over the next 10 years—to a “safe deposit box” to prevent Social Security surpluses from being used to finance other government programs.

Specifically, the resolution calls for:

- \* an increase in spending for national defense to \$288.8 billion (a \$9.9 billion increase over FY 1999) in budget authority (BA) and \$276.6 billion in outlays in FY 2000;
- \* an increase in education spending to \$22 billion (a \$5.2 billion increase over FY 1999) in BA and \$20.1 billion in outlays in FY 2000;
- \* an increase in spending for Medicare to \$208.7 billion (\$13.5 billion more than FY 1999) in BA and \$208.7 billion in outlays in FY 2000;
- \* a decrease in spending in international affairs to \$11.2 billion in BA and \$14.5 billion in outlays in FY 2000;
- \* an increase in transportation-related spending to \$51.8 billion (\$500 million more than FY 1999) in BA and \$45.8 billion in outlays in FY 2000;
- \* a total of \$407.2 billion (\$16.6 billion more than the FY 1999 level) in BA and \$407.3 billion in outlays for Social Security (including off-budget spending) in FY 2000; and
- \* \$6 billion in mandatory spending through FY 2004 to assist in reforming the crop insurance program.

H.Con.Res. 68 establishes a point of order against any budget resolution that projects an on-budget deficit in any given fiscal year. The point of order may be waived only by a three-fifths (60 members) vote in the Senate. This effectively prevents Congress from using Social Security surpluses to finance other government programs, thus creating a so-called “safe deposit box.”

The resolution was introduced by Mr. Kasich and was reported by the Budget Committee by a vote of 22-18 on Wednesday, March 17, 1999.

**Views:** The Republican leadership supports passage of the resolution. An official Clinton Administration was unavailable at press time. Unofficially, however, several administration officials have urged opposition to it.

**Amendments:** As stated above, the rule self-executes a manager’s amendment offered by Mr. Kasich and makes in order three amendments in the nature of a substitute, each debatable for 40 minutes and in the order listed below.

**— *Manager’s Amendment* —**

The rule self-executes a manager’s amendment by **Mr. Kasich** to add \$2 billion in budget outlays for national defense, bringing the total FY 2000 defense outlays to \$276.6 billion. In addition, the amendment expresses the sense of Congress that (1) legislation should be considered to safeguard Social Security surpluses and establish a statutory limit on debt held by the public.; (2) the OMB,

## FY 2000 Budget Resolution Substitutes (in billions of dollars)

Budget Function	Budget Authority Outlays	H.Con.Res. 68	President's Budget Proposal	Blue Dog Subst.	Spratt Subst.
National Defense	BA	\$288.8	\$280.5	\$281.8	\$280.4
	O	\$276.6	\$283.3	\$274.6	\$273.6
International Affairs	BA	\$11.2	\$16.1	\$10.7	\$12.5
	O	\$14.5	\$16.7	\$14.1	\$14.8
Science, Space, & Tech.	BA	\$18.0	\$19.3	\$18.0	\$18.0
	O	\$18.2	\$18.8	\$18.3	\$18.2
Energy	BA	\$0.0	\$1.2	\$33.0	\$0.0
	O	(\$0.7)	\$0.1	(\$0.6)	(\$0.7)
Nat. Resources/Environment	BA	\$22.8	\$24.6	\$22.8	\$24.5
	O	\$22.6	\$24.1	\$22.7	\$23.6
Agriculture	BA	\$14.3	\$15.2	\$16.3	\$14.7
	O	\$13.2	\$13.6	\$14.3	\$13.3
Commerce & Housing Credit**	BA	\$9.9	\$11.1	\$9.8	\$9.8
	O	\$4.5	\$5.8	\$6.1	\$4.5
Transportation	BA	\$51.8	\$54.2	\$51.7	\$50.6
	O	\$45.8	\$48.1	\$45.8	\$45.8
Community & Regional Dev.	BA	\$7.4	\$11.9	\$7.4	\$8.6
	O	\$10.7	\$10.9	\$10.6	\$10.6
Education, Training, Employment & Social Services*	BA	---	\$67.4	\$65.3	\$68.6
	O	---	\$64.3	\$63.6	\$64.3
Education*	BA	\$22.0	---	---	---
	O	\$20.1	---	---	---
Training, Employment & Social Services*	BA	\$43.3	---	---	---
	O	\$43.5	---	---	---
Health and Medicaid	BA	\$156.2	\$157.7	\$156.2	\$157.1
	O	\$153.0	\$153.6	\$153.0	\$153.4
Medicare	BA	\$208.7	\$207.3	\$208.7	\$208.8
	O	\$208.7	\$207.3	\$208.7	\$208.8
Income Security	BA	\$244.4	\$256.6	\$246.5	\$245.7
	O	\$248.1	\$259.6	\$248.1	\$248.4
Social Security**	BA	\$14.2	\$99.0	\$14.5	\$14.2
	O	\$14.3	\$99.1	\$14.6	\$14.3
Veterans Benefits & Services	BA	\$44.7	\$43.8	\$45.5	\$45.6
	O	\$45.1	\$43.9	\$45.7	\$45.5
Administration of Justice	BA	\$23.4	\$26.6	\$23.4	\$23.4
	O	\$25.3	\$26.6	\$25.3	\$25.3
General Government	BA	\$12.3	\$13.8	\$11.9	\$12.3
	O	\$13.5	\$14.9	\$13.1	\$13.5
Net Interest**	BA	\$275.5	\$278.1	\$270.8	\$275.4
	O	\$275.5	\$278.1	\$270.8	\$275.4
Allowances	BA	(\$8.0)	\$0.0	(\$8.4)	(\$9.3)
	O	(\$8.1)	\$1.4	(\$8.1)	(\$9.5)
Undistrib. Offsetting Receipts**	BA	(\$34.3)	(\$35.0)	(\$34.3)	(\$35.1)
	O	(\$34.3)	(\$35.0)	(\$34.3)	(\$35.1)
Total Spending**	BA	\$1,426.6	\$1,549.4	\$1,366.4	\$1,425.8
	O	\$1,408.1	\$1,535.2	\$1,353.6	\$1,408.0
Revenues**		\$1,408.5	\$1,406.0	\$1,405.9	\$1,408.5
Surplus/Deficit**		\$0.4	(\$129.2)	\$0.9	\$0.5

Source: House Budget Committee

\*The Kasich Budget contains different functional breakdowns

\*\*Does Not Include Off-Budget Spending

CBO, and other federal agencies should be prohibited from counting Social Security surpluses in their estimates of federal spending, revenue, and deficit levels that would be reduced by the amount of Social Security surpluses; and (3) federal child-nutrition programs should be examined to determine if they can be improved, especially with respect to services to low-income children. The amendment also makes several technical changes to the resolution. **Contact: x6-7270**

— *The President's Budget* —

**Mr. Shadegg and Mr. Coburn** will offer an amendment in the nature of a substitute, identical to the budget proposal submitted by the president, that:

- \* calls for investing roughly \$600 billion of the Social Security in the stock market;
- \* spends approximately \$500 billion of the unified budget surplus (i.e., including excess Social Security revenues) to establish new savings instruments called Universal Retirement Accounts (USAs);
- \* calls for \$36 billion (over five years) in targeted tax cuts, including (1) \$6.3 billion for child and dependent care tax credits; (2) \$724 million to create a \$1,000 tax credit for workers with long-term and severe disabilities; (3) \$5 billion to create a \$1,000 tax credit for individuals with long-term care expenses and a high level of disability; (4) \$3.6 billion to create tax credits to develop energy efficient technologies; (5) \$292 million for steel manufacturers who have been hurt by imports; (6) \$139 million to provide a credit for companies to help their employees learn English; and (7) \$44 million to encourage small businesses to offer health insurance;
- \* calls for \$4.7 billion in tax increases for FY 2000 and \$33.4 billion over five years, through closing tax loopholes and other measures;
- \* recommends \$1.4 billion in FY 2000 to hire 100,000 new teachers, with the aim of reducing class sizes in grades 1-3 to a national average of 18 students;
- \* subsidizes the issuance of \$22 billion in special 15-year bonds over the next two years to assist states and school districts to build and renovate public schools;
- \* includes \$446 million in arrears payments to the United Nations and \$168 million in arrears for multilateral development banks;
- \* requests \$4 billion to support the 1997 Kyoto Climate Change treaty, in which signatory countries promised to reduce greenhouse gas emissions by seven percent below 1990 levels by 2012; and
- \* calls for raising the federal cigarette tobacco tax from the current level of 24 cents-per-pack to 94 cents-per-pack by FY 2002. **Staff Contact: Neil Bradley (Coburn), x5-2701**

— *The “Blue Dog” Substitute* —

**Mr. Minge and Mr. Stenholm** will offer an amendment in the nature of a substitute that:

- \* devotes all Social Security surpluses to the Social Security trust fund;
- \* makes consideration of the reconciliation bill contingent upon certification from the Social Security Board of Trustees that the Social Security trust funds are in actuarial balance over the next 75 years;
- \* calls for \$7 billion less than the Kasich Budget in national defense budget authority (BA) and \$2 billion less in defense outlays;
- \* calls for a \$41.6 billion tax cut over FYs 2001-2004;
- \* transfers \$84.5 billion over FYs 2001-2004 from general revenue to the Social Security trust fund after Congress enacts legislation to reform Social Security;
- \* transfers \$27.8 billion over FYs 2001-2004 from general revenue to the Medicare trust fund after Congress enacts legislation to reform Medicare; and
- \* expresses the sense of Congress that on-budget surpluses (i.e., surpluses that do not depend on excess Social Security revenues) should be allocated to the following priorities: 50 percent for paying down the national debt, 25 percent for tax reduction, and 25 percent for investing in priority federal programs whose budgets are constrained by discretionary spending caps, such as national defense, agriculture and veterans’ programs. *Staff Contact: Ed Lorenzen (Stenholm), x5-6605*

— *The Spratt Substitute* —

**Mr. Spratt** will offer an amendment in the nature of a substitute that:

- \* makes any new tax reductions or spending initiatives contingent on passing legislation addressing the solvency of Medicare and Social Security;
- \* calls for net tax reductions of \$116 billion over FYs 2000-2009 (if Social Security and Medicare reform proposals are passed first). The tax reductions will be targeted on reducing the costs of child care, reducing financing for public school modernization, mitigating “marriage penalties” in the tax cut, encouraging working families to save for retirement, accommodate the effects of legislation to enhance the rights of patients in managed care plans, and other initiatives;
- \* calls for \$8.4 billion less than the Kasich Budget in national defense BA and \$3 billion less in defense outlays;
- \* requires the Treasury Department to apply 100 percent of all budget surpluses to repurchasing government bonds held by the public, and transfers that amount of debt reduction to the Medicare and Social Security trust funds; and

- \* expresses the sense of Congress that the president's land legacy initiative and livability agenda should be considered high priorities by the Appropriations committees as they make spending decisions for FY 2000 and beyond. **Staff Contact: Tom Kahn, x6-7200**

**Additional Information:** See *Legislative Digest*, Vol. XXVIII, #8, Pt. II, March 23, 1999.



To subscribe to this publication via e-mail, please send an e-mail to [LegDigest@mail.house.gov](mailto:LegDigest@mail.house.gov) and type "SUBSCRIBE" in the subject line.

Brian Fortune: *Managing Editor*

Kevin Smith: *Senior Legislative Analyst*

Scott Galupo, Brendan Shields, Heather Valentine:  
*Legislative Analysts*



**Legislative  
Digest**

<http://hillsource.house.gov/LegislativeDigest>